

AMENDED IN SENATE APRIL 28, 2014

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**SENATE BILL**

**No. 1207**

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**Introduced by Senator Wolk**  
**(~~Coauthor: Senator~~ Coauthors: *Senators Knight and Liu*)**

February 20, 2014

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An act to add and repeal Article 1 (commencing with Section 18701) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1207, as amended, Wolk. California Voluntary Contribution Program.

Under the existing Personal Income Tax Law, taxpayers are allowed to contribute amounts in excess of their tax liability for the support of specified funds. Existing law provides for various voluntary contribution check-off funds to be listed on the income tax return.

This bill would modify the existing voluntary check-off system by establishing the California Voluntary Contribution Program to be administered by the office of California Volunteers to expand the contribution options for a taxpayer. The bill would provide that the purpose of the program is to promote charitable giving and collect through the personal income tax return individual taxpayers' voluntary contributions to qualified applicants, defined to include any charitable organization *meeting certain requirements* or a state or local agency ~~meeting certain requirements~~. Not later than January 1, 2017, the bill would require the office to, among other things, develop the application to participate in the program and establish application and renewal fees. *The bill would authorize the office to adopt specified policies and*

*guidelines to regulate the number of qualified applicants participating in the program.* The bill would authorize the office to adopt regulations necessary to carry out these provisions and would make these regulations subject to the Administrative Procedure Act. The bill would require the Franchise Tax Board to revise the personal income tax form in a manner necessary to inform an individual about how to make a designation to any qualified applicant.

Commencing on January 1, 2017, this bill would allow an individual to designate a contribution to any qualified applicant. The bill would require an applicant wishing to receive contributions to submit an application to the program, including an application fee. *The bill would require the office to approve an application if specified requirements, and other reasonable requirements, are met, thereby making a qualified applicant eligible to receive voluntary contributions.* The bill would require these contributions to be transferred from the Personal Income Tax Fund to the California Voluntary Contribution Fund, created by this bill. The bill would require moneys in the California Voluntary Contribution Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and the Controller for reimbursement of costs, as provided, and the balance to the office of California Volunteers for distribution to each qualified applicant designated by an individual. The bill would establish a specified minimum contribution amount for each qualified applicant. The bill would prohibit a qualified applicant from receiving voluntary contributions if, among other things, the average amount of contributions received during certain calendar years did not equal the minimum contribution amount.

This bill would annually require the office to provide the Legislature with a report containing specified information on the program. The bill would also require this report to be made available to the public.

This bill would repeal these provisions on January 1, 2030, unless a later enacted statute deletes or extends that date.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. (a) The Legislature finds and declares that the
- 2 state has a role in informing the public of the value and need for
- 3 community service, volunteerism, and charitable giving as a form
- 4 of civic engagement in order to support important social and

1 community programs. The Legislature further finds and declares  
2 that there are many worthy charitable causes in California that  
3 may benefit from taxpayers' voluntary charitable contributions on  
4 the tax form, but are not able to do so under the existing tax  
5 check-off process. Therefore, it is the intent of the Legislature to  
6 promote civic engagement by establishing a program where  
7 taxpayers have the opportunity to give to a wide range of charitable  
8 causes on their tax return.

9 (b) It is the intent of the Legislature to retain all existing funds  
10 currently on the tax return form until their repeal dates, and, in  
11 legislation to be enacted at a later date, transition the remaining  
12 funds to the California Voluntary Contributions Program by 2020.  
13 It is further the intent of the Legislature that the ~~duties~~ *dates* of  
14 repeal for the California Fund for Senior Citizens, the California  
15 Firefighters' Memorial Fund, and the California Peace Officer  
16 Memorial Foundation Fund be extended in legislation to be enacted  
17 at a later date.

18 SEC. 2. Article 1 (commencing with Section 18701) is added  
19 to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation  
20 Code, to read:

21  
22 Article 1. California Voluntary Contribution Program  
23

24 18701. For the purposes of this article, the following definitions  
25 shall apply:

26 (a) "Charitable organization" means an organization exempt  
27 from income tax as an organization described in Section 23701d.

28 (b) "Local agency" and "state agency" have the same meanings  
29 as defined in Section 6252 of the Government Code.

30 (c) "Office" means the office of California Volunteers, as  
31 established by Executive Order S-24-06, or its successor.

32 (d) "Program" means the California Voluntary Contribution  
33 Program.

34 (e) "Qualified applicant" means ~~a charitable organization that~~  
35 ~~meets the requirements of either of the following:~~

36 ~~(1) (A) Was incorporated in California or qualified as a foreign~~  
37 ~~corporation at least five years prior to the date of application.~~

38 ~~(1) A charitable organization that meets all of the following~~  
39 ~~requirements:~~

40 ~~(B)~~

1 (A) Has registered in this state with the Attorney General's  
2 Registry of Charitable Trusts for each of the three years prior to  
3 the date of application and has met each of the requirements that  
4 apply to the applicant, under statute and as established by the  
5 Attorney General for the Registry of Charitable Trusts.

6 ~~(C)~~

7 (B) Has submitted annual returns or statements with the  
8 Franchise Tax Board, pursuant to Section 23771, 23772, or ~~23773~~  
9 23774 for each of the three years prior to the date of application.

10 ~~(D)~~

11 (C) Has average annual total revenues in excess of the minimum  
12 contribution level described in Section 18705, as calculated from  
13 each of the three years prior to the date of application, not including  
14 those contributions made by a designation in excess of the tax  
15 liability on an ~~individuals~~ individual's tax return.

16 (2) Is a ~~state or~~ local agency *or state agency*.

17 18702. (a) There is hereby established in state government the  
18 California Voluntary Contribution Program .

19 (b) The purpose of the program is to promote charitable giving  
20 and provide individual taxpayers' voluntary contributions to  
21 qualified applicants. The office or a successor agency, shall be  
22 responsible for administering the program.

23 18703. (a) A qualified applicant that wishes to receive  
24 voluntary contributions through the program shall submit an  
25 application to the office by a date established by the office. The  
26 application shall include all of the following:

27 (1) Evidence satisfactory to the office that the applicant is a  
28 qualified applicant. All documents submitted to the office shall be  
29 made public.

30 (2) An application fee, as established by the office pursuant to  
31 Section 18710 in an amount sufficient to cover the reasonable costs  
32 of administering the application process.

33 (b) The office shall approve an application if the requirements  
34 of subdivision (a) and other reasonable requirements consistent  
35 with this article are met, thereby making a qualified applicant  
36 eligible to receive voluntary contributions.

37 (c) This section shall become operative on January 1, 2017.

38 18704. A qualified applicant whose application is approved  
39 by the office may continue to receive voluntary contributions if  
40 the following requirements are met:

1 (a) Contributions received by the qualified applicant through  
2 the program in the prior year meet or exceed the minimum  
3 contribution level established for the program, as described in  
4 Section 18705.

5 (b) The qualified applicant continues to meet the requirements  
6 established for qualified applicants in subdivision (e) of Section  
7 18701.

8 (c) The qualified applicant submits an application for renewal  
9 and pays a renewal fee, as determined by the office pursuant to  
10 Section 18710.

11 (d) This section shall become operative on January 1, 2017.

12 18705. (a) The minimum contribution amount for each  
13 approved qualified applicant is one hundred thousand dollars  
14 (\$100,000).

15 (b) Notwithstanding subdivision (a), the office shall adopt  
16 regulations to adjust the minimum contribution requirement every  
17 five calendar years, beginning with the third calendar year after  
18 the first appearance of the “California Voluntary Contributions  
19 Fund” on the personal income tax return.

20 (c) This section shall become operative on January 1, 2017.

21 18706. (a) A qualified applicant may no longer receive  
22 voluntary contributions if either of the following apply:

23 (1) The average amount of contributions received during three  
24 calendar years did not equal the minimum contribution  
25 requirement, as described in Section 18705.

26 (2) The designee no longer meets the definition of a “qualified  
27 applicant” pursuant to subdivision (e) of Section 18701.

28 (b) When a qualified applicant is no longer eligible to receive  
29 voluntary charitable contributions pursuant to this article, the office  
30 shall ~~immediately~~ revoke the eligibility of the qualified applicant  
31 from the program *and notify the Franchise Tax Board of the*  
32 *revocation.*

33 (c) A qualified applicant whose eligibility is revoked from  
34 participation in the program may reapply to the program no sooner  
35 than five years after the eligibility was revoked.

36 (d) This section shall become operative on January 1, 2017.

37 18707. (a) An individual may designate on the personal income  
38 tax return that a contribution in excess of the tax liability, if any,  
39 be made to a specific qualified applicant whose application has  
40 been approved pursuant to Section 18703. The contribution shall

1 be deposited in the California Voluntary Contribution Fund  
2 established by Section 18708. That designation is to be used as a  
3 voluntary contribution on the tax return.

4 (b) The contributions shall be in full dollar amounts and may  
5 be made individually by each signatory on a joint return.

6 (c) A designation under subdivision (a) shall be made for any  
7 taxable year on the original return for that taxable year, and once  
8 made shall be irrevocable. If payments and credits reported on the  
9 return, together with any other credits associated with the  
10 individual's account, do not exceed the individual's liability, the  
11 return shall be treated as though no designation has been made.

12 (d) The Franchise Tax Board, in consultation with the office,  
13 shall revise the tax form of the return ~~to include a space labeled~~  
14 ~~"California Voluntary Contributions Program,"~~ to allow for the  
15 designation permitted under subdivision (a). The form shall also  
16 include in the instructions information that the contribution may  
17 be in the amount of one dollar (\$1) or more and that the  
18 contribution shall be used to support the qualified applicant  
19 specified by the taxpayer.

20 (e) A deduction shall be allowed under Article 6 (commencing  
21 with Section 17201) of Chapter 3 of Part 10 for any contribution  
22 made pursuant to subdivision (a).

23 (f) This section shall become operative on January 1, 2017.

24 18708. (a) There is hereby established in the State Treasury  
25 the California Voluntary Contribution Fund to receive contributions  
26 ~~from contributions~~ made pursuant to Section 18707.

27 (b) The Franchise Tax Board shall notify the Controller of both  
28 the amount of money paid by individuals in excess of their tax  
29 liability and the amount of refund money which individuals have  
30 designated pursuant to Section 18707 to be transferred to the  
31 California Voluntary Contribution Fund. The Controller shall  
32 transfer from the Personal Income Tax Fund to the California  
33 Voluntary Contribution Fund an amount not in excess of the sum  
34 of the amounts designated by individuals pursuant to Section 18707  
35 for payment into that fund.

36 (c) This section shall become operative on January 1, 2017.

37 18709. (a) All money transferred to the California Voluntary  
38 Contribution Fund, upon appropriation by the Legislature, shall  
39 be allocated as follows:

1 (1) To the Franchise Tax Board, the Controller, and the office  
2 for reimbursement of all costs incurred in connection with their  
3 duties under this article.

4 (2) To the office for distribution to each qualified applicant  
5 designated by a taxpayer.

6 (b) On and after January 1, 2020, no more than 5 percent of  
7 money from the fund, exclusive of fee revenues, shall be used for  
8 administrative purposes.

9 (c) All moneys may be carried over from the year in which they  
10 were received and encumbered in any following year.

11 (d) In the event that no designee is specified or the specified  
12 ~~designer~~ *designee* is not a qualified applicant, the contribution  
13 shall, after reimbursement of the direct actual costs of the Franchise  
14 Tax Board for the collection and administration of funds under  
15 this article, be transferred to the office to further the purposes of  
16 this article.

17 (e) In the event an individual designates a contribution to a  
18 qualified applicant whose eligibility for receiving voluntary  
19 contributions has been revoked, but that was eligible to receive a  
20 voluntary contribution for the taxable year in which the designation  
21 was made, the contribution shall be distributed to the qualified  
22 applicant.

23 (f) In the event an individual designates a contribution to more  
24 than one qualified applicant listed on the tax return, and the amount  
25 available is insufficient to satisfy the total amount designated, the  
26 contribution shall be allocated among the designees on a pro rata  
27 basis.

28 (g) This section shall become operative on January 1, 2017.

29 18710. (a) The office shall, not later than January 1, 2017, do  
30 all of the following:

31 (1) Develop the application and related materials to be  
32 completed by applicants to participate in the program, including  
33 the types of proof necessary to comply with the program.

34 (2) By regulation, establish reasonable and necessary application  
35 and renewal fees in an amount not to exceed the reasonable costs  
36 of administering the application and renewal process.

37 (3) Develop procedures and adopt regulations to inform  
38 taxpayers on how to contribute directly to a charitable organization  
39 or state or local agency if that charitable organization or state or

1 local agency is not eligible to receive contributions because it did  
2 not meet the required minimum contribution amount.

3 (4) In consultation with other agencies that regulate charitable  
4 organizations, develop policies and procedures to ensure that  
5 qualified applicants are in compliance with applicable statutes  
6 affecting those charitable organizations.

7 (5) Develop a plan to transition the remaining funds on the tax  
8 return ~~form~~ to the program. That plan should be submitted to the  
9 relevant committees of the Legislature by January 1, 2020.

10 (b) The office may do the following:

11 (1) Form an advisory body or related bodies as deemed  
12 necessary.

13 (2) Contract with other agencies, public or private, as deemed  
14 necessary in pursuit of the duties described in this act.

15 (3) Adopt regulations necessary for the administration of this  
16 article.

17 ~~(4) For each of the five years following the first appearance of~~  
18 ~~the “California Voluntary Contribution Fund” on the personal~~  
19 ~~income tax return, establish policies that limit the number of~~  
20 ~~participating qualified applicants based on capacity and~~  
21 ~~appropriation.~~

22 *(4) In order to develop the program and sustain the integrity of*  
23 *its operations, the office may adopt policies and guidelines that*  
24 *may include, but not be limited to, application cut-off dates, a*  
25 *first-come-first-served system, or a lottery, to regulate the number*  
26 *of qualified applicants participating in the program based on*  
27 *legislative appropriations and workforce capacity. This paragraph*  
28 *shall become inoperative on January 1, 2023.*

29 (c) (1) The office shall annually provide to the Legislature, and  
30 make publicly available, a report on the program, including goals,  
31 a baseline, metrics and targets to track, over time, the effectiveness  
32 of efforts to encourage charitable giving. The annual report shall  
33 include information on total contributions received, administrative  
34 and related costs, and total contribution distributed to qualified  
35 applicants.

36 (2) (A) A report to the Legislature pursuant to this section shall  
37 be submitted in compliance with Section 9795 of the Government  
38 Code.

39 (B) This subdivision shall be become inoperative on January 1,  
40 2020, pursuant to Section 10231.5 of the Government Code.



1 (d) ~~Not later than January 1, 2017, the~~ *The* Franchise Tax Board  
2 shall revise the tax form and any other related materials, including  
3 online materials, in order to allow an individual to designate a  
4 contribution to any one of the qualified applicants approved  
5 pursuant to Section 18703. These forms and materials may include,  
6 but not be limited to, a separate schedule, booklet, or any other  
7 material necessary to inform an individual about qualified  
8 applicants and how to make a designation on the personal income  
9 tax return.

10 18711. Any regulation adopted pursuant to this article shall be  
11 adopted pursuant to the Administrative Procedure Act (Chapter  
12 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
13 Title 2 of the Government Code).

14 18712. This article shall remain in effect only until January 1,  
15 2030, and as of that date is repealed, unless a later enacted statute,  
16 that is enacted before January 1, 2030, deletes or extends that date.